

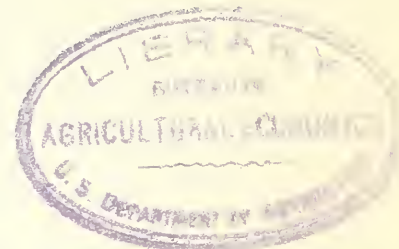
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Discussion Group Topic No. 4

SHOULD FARM PRODUCTION BE CONTROLLED
AS A LONG-TIME POLICY?



This material has been prepared to supply assistance for discussion groups. It is not intended to direct attention to any particular point of view. Neither is it presumed to be a complete or even an orderly presentation of the discussion possibilities of the topic. Its purpose is to stimulate discussion. It is intended to assist in creating opportunities for discussion in the belief that through intense discussion people may find ways of thinking through for themselves vital questions which require democratic decision.

The attention of discussion leaders and others is called particularly to the availability of "Discussion: A Brief Guide to Methods." This contains practical suggestions and information.

Copies of "Discussion: A Brief Guide to Methods," and copies of this and other group discussion topics can be obtained from the Department of Agriculture, Room 202, Washington, D. C., or by writing to the state agricultural college of your state.

February, 1935

Topic: SHOULD FARM PRODUCTION BE CONTROLLED
AS A LONG-TIME POLICY?

An emergency program of crop adjustment to effective demand is being carried out under the Agricultural Adjustment Act of 1933. No policies projecting far into the future have been fixed but many have been mentioned.

1. IF WE ARE TO FOLLOW THE WORLD'S NATIONALISTIC TREND, ("AMERICA FOR AMERICANS"), DOES IT FOLLOW THAT WE MUST LIMIT AGRICULTURAL PRODUCTION? WHAT CAN BE DONE TOWARD INCREASING EFFECTIVE (OR PAYING) DEMAND FOR AGRICULTURAL PRODUCTS HERE IN THE UNITED STATES?
2. WHAT ARE THE CHANCES OF REOPENING FOREIGN MARKETS FOR PRODUCTS OF THE SOME 50 MILLION ACRES OF LAND THAT WE USED TO FARM FOR EXPORT?
3. SHOULD FARMERS BE GUARANTEED "COST OF PRODUCTION"?
4. WILL THE TIME EVER COME WHEN FARM PRODUCTION CAN BE REGULATED BY COOPERATIVE ORGANIZATION, OR MUST IT ALWAYS BE DONE BY GOVERNMENTAL ASSISTANCE?
5. IF WE MUST BECOME NATIONALISTIC AND THUS PERMANENTLY REDUCE THE PRODUCTION OF EXPORT CROPS, SHOULD WE TRY TO GROW RUBBER, TEA SUBSTITUTES, AND OTHER THINGS NOT NOW GROWN?
6. IF A LONG-TIME POLICY OF NON-CONTROL SHOULD BE ADOPTED FOR AGRICULTURE, SHOULD ALL CONTROLS BE ELIMINATED WITH RESPECT TO INDUSTRY, LABOR AND OTHER SEGMENTS OF OUR ECONOMY?
7. IF A LONG-TIME POLICY OF CROP CONTROL AND AGRICULTURAL ADJUSTMENT MUST BE ADOPTED, WHAT METHOD OF CONTROL SHOULD BE EMPLOYED -- VOLUNTARY OR COMPULSORY, BY FIXED PRICES, BENEFIT PAYMENTS, ETC.?

S O M E P R O S A N D C O N S

A. As to Control:

I.

"Continuous control will be necessary in order to assure fair farm prices and a proper adjustment of productive capacity to effective demand. It is hardly likely that industry will give up the controls which it has developed. Why should agriculture? In spite of crudities and disadvantages, agriculture now has demonstrated that it can control production. This in itself is an achievement. It should be given a long trial."

II.

"Control would not be necessary if we really restored our foreign markets. Let us concentrate on that task and all the controls can be abandoned. Farmers really do not like control. They would rather produce than withhold production. International cooperation, to get heavy foreign trade, will enable farmers to do away with methods they do not like."

III.

"As long as people are hungry and poorly clad in this country and throughout the world, not one acre should be taken out of production. What we need is to enlarge consuming power and create an efficient system of distribution. Not until we achieve that task do we need to talk about crop adjustment. It is a cruel and wicked policy to restrict farm production in the present circumstances."

IV.

"Farmers should be guaranteed cost of production, plus a fair profit, by the government. This is a policy which is more in the public interest than one of controlling farm production. A guarantee of cost of production, plus a fair profit, would considerably improve the purchasing power of the farm community. It would only be assuring to farmers what many industries say they must have in order to produce. Why not put farmers on an equal basis with those industries?"

V.

"Give the chemists a real chance and they will so increase new demands for farm products that no production control program will be needed. Already the chemists are finding new industrial uses for farm products. The possibilities are great because the industrial use of farm products is not limited by the human stomach.

"Here are a few examples. In the Old World they are running their motors in part with fuels grown and not mined. They are also developing new fabrics, part cotton, part wood-pulp. In the United States we are making steering wheels and other auto parts out of products derived from cellulose. Cellulose, produced in grasses and trees, is today a richer mine of possibilities than were crude oil or coal tars twenty years ago."

VI.

"The chemists are over-emphasizing their own contribution to agriculture. They simply see things from their own corner, as do other specialists. Industrial uses of grain products have been considerably developed in this country, without much effect on the price of cereals. The use of cotton is not limited by the "inelastic human stomach," yet production control had to be brought in to get the price above five cents a pound.

"The industrial user of farm products only takes part of the crop and is not concerned about the other part. He controls his output. So must the producer of raw materials control his own output, if he is to have markets that pay fair returns."

B. As to Methods of Control:

I.

"Continue the voluntary methods which the Agricultural Adjustment Administration has developed. They are American methods, worked out with due regard to our history and institutions. They place much emphasis on voluntary efforts and combine these voluntary procedures with government guidance and supervision. Furthermore, the methods of the Agricultural Adjustment Administration are flexible. They permit the producers to take part in the process. The Agricultural Adjustment Administration is an important step toward economic democracy. Agriculture is thus making an important demonstration which should be carried on."

II.

"Production control methods should be worked out which make it necessary that all producers of a commodity cooperate. The non-cooperator should be compelled to come along with the large majority, rather than getting advantages without putting forth any effort or working along with his fellows. Therefore, the producers of any given commodity should have the power to establish by vote a plan to which all producers must subscribe. Only in this way can effective control in the long run be established."

III.

"Quotas should be worked out and enforced by the government for each farm. Individual farmers should be licensed in order to achieve production control. A combination of individual quotas, with a guarantee of cost of production, would be effective."

IV.

"The government should buy about 50 million acres of good farm land or 100 million acres of poor farm land. This would make unnecessary further control. Prices of the various farm products produced on the remaining acreage would bring about a rough balance between different crops."

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Academy of Political Science. Can prices, production and employment be effectively regulated? 146pp. New York, 1932. (Proceedings of the Academy of Political Science, v. 14, no.4, Jan. 1932) \$1.00

Contains an article by E. G. Nourse (pp.65-75) on Can Agriculture Affect Prices by Controlling Production? The writer concludes the article as follows:

"It is but natural that, in such an extraordinary period of emergency readjustments as have been thrust upon us in the past decade, many minds should dally with the possibilities of omniscient and omnipotent economic direction which would cure or mitigate these ills with great rapidity. I would hazard as my guess, however, that we shall in the end settle down to a continued reliance upon freedom of enterprise in agriculture, coupled with stronger emphasis and increased effort along educational lines in order that these individual decisions may be made as wisely as possible. I fancy also that in the regulative sphere we shall, in terms of coöperative organization, credit extension and land institutions, make numerous modifications which will have some influence toward preventing the widest kind of aberrations of individual economic effort from the economic center of gravity. Under ordinary economic conditions such an institutional system will produce probably the most satisfactory results, and it is too much to expect that any set of agricultural institutions could guard against the difficulties of the crises which come occasionally in human affairs."

Agricultural readjustment in the South: cotton and tobacco. Law and Contemporary Problems 1(3): 257-397. June 1934. (Published by the Duke University School of Law, Durham, N.C.) 60¢

The Bankhead experiment, by Paul J. Kern, pp. 362-372. In defense of the Bankhead Act, by G. W. Forster, pp. 373-375.

The following is quoted from p.372:

"Until proof is presented that there is a social, as contrasted with a price, overproduction of cotton, it is dangerous from a social standpoint to restrict production. As a matter of fact, until an exhaustive survey is made to determine the proper per capita consumption of cotton from a social standpoint, it is impossible and unfair to attempt to adopt a sound system of national production control. Such survey should be an immediate prerequisite to further efforts at national economic planning. Even the price system can be sublimated to social use, through the employment of government credit, if there is a definite and certain knowledge of the proper social demand. Until such a step is taken - the next logical step - it is impossible to be wholly enthusiastic about present unscientific measures, salutary though they may be as pioneers of a planned economy."

America's Crop control experiment. Congressional Digest 13(12): 289-315, 320. Dec. 1934. (Published at 2131 LeRoy Place, Washington, D.C.) 50¢
Contains "fact material" and pro and con discussion on the question, "Is the crop control experiment proving a success?" Fact material is as follows: Analysis of the problem with study outline; What Congress has done about farm relief since 1921; Conditions precipitating America's crop control experiment; The "A.A.A." and its work; Monies paid out by the "A.A.A." to date; Glossary of terms used in A.A.A. discussions; An analysis of the farm outlook for 1935; Pro and con discussion is by H. A. Wallace, Glenn Frank, Marvin Jones, Neil Carothers, C. C. Davis, Gustav Cassel, Mordecai Ezekiel, and Mrs. G. B. Simmons.

Dowell, A. A., and Jesness, O. B. The American farmer and the export market. 269pp. Minneapolis, The University of Minnesota Press, 1934. \$2.00

The following is quoted from the authors' preface.

"This book deals with present day economic nationalism in relation to American agriculture. It is an outgrowth of the authors' interest in the economic welfare and problems of the American farmer... Our aim has been to show the place of foreign markets in American agricultural trade and to consider the consequences of abandonment or drastic curtailment of these outlets. We have sought to marshal the facts relating to the questions and to employ sound economic reasoning in the interpretations that have been made."

For restriction of production see pp. 3,5,6,67,101,118-120,155-160, 225-232,243-246 and also related subjects.

The following is quoted from pp.231-232:

"Economic nationalism and international trade both have their price. The best solution is the one that will give the greatest return in the long run.

"This fact should be recognized more generally in the development of the present agricultural adjustment program. The policy of paying farmers to let parts of their farms lie idle or at least to keep them out of direct production for market would in time tend to defeat its purpose; hence it can be accepted only as a temporary expedient, not as a permanent solution. Moreover, as a permanent program it is not good economy. To the extent that permanent curtailment may be necessary, it should be accomplished by removing the least efficient parts of the producing machine rather than by distributing the reduction without regard to productive efficiency. It is not a disparagement of the present adjustment program to call attention to its temporary nature. It is important that its limitations be recognized now in order that a more permanent program may not be delayed."

Frank, Glenn. The dynamics of recovery; with particular reference to agriculture. In Association of Land-grant Colleges and Universities. Proceedings, 47th annual convention, Chicago, Ill., Nov. 13-15, 1933, pp. 71-86. (Apply to the Secretary, T. P. Cooper, University of Kentucky, Lexington, Ky.)

"I am quite aware that slowing down production, temporarily and at certain spots in our economic order, may be unavoidable as a transition

measure in order to regain control of a situation that had got tragically out of hand, but I am convinced that the final way out of our difficulty will never lie in slowing down production but in speeding up consumption." -p. 75.

In connection with this paper see also Chester C. Davis' Production Control and Agricultural Recovery on pp. 100-103 of these proceedings.

Hibbard, B. H. Controlling agricultural production. In Institute of Public Affairs, Proceedings, 8th annual session, Athens, Ga., May 8-15, 1934, part I, pp. 151-157. (Published as Bulletin of the University of Georgia, v.34, no.11, Aug. 1934) \$1.50

"The ways to reduce production among a class of people as numerous, as scattered, and as resourceful as are American farmers, are apparently two: First, we may reduce crops as we reduced cotton and tobacco last year by plowing it up after it is partly grown, using a mild degree of compulsion on the one hand, and bringing in the other hand a sum of money as great as that to be hoped for from the crop under any circumstances. Second, remove temptation from the farmers by taking the surplus land out of their hands altogether. The first plan can succeed temporarily, and temporarily only. The second might succeed permanently but is slow medicine, and not easy to take. If this remedy is to be applied in a manner equal to the requirements of a cure, the patient must be allowed to get much sicker than he is now, or force will be required in administering the dose."-p.155.

"To come down to domestic requirements in agriculture, in mining and in manufacturing, means a degree of primitive self-sufficiency which is praised by those who know little about what it would mean, and who care little about the cost of such transition to those who would be called upon to make the sacrifice. In the past, especially during the more recent past, such as the nineteenth century, prosperity has gone hand in hand with abundance. Can we now turn the hands of the clock backward, and proclaim a prosperity based on scarcity? Are we to be deluded into believing that higher prices mean, surely and always, greater welfare?"-p.157.

Molyneux, Peter. What economic nationalism means to the South. 28pp. New York, Foreign Policy Association and World Peace Foundation, 1934. (World Affairs Pamphlets No. 4) 25¢

